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 7 Clip Ventures LLC

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8 UNITED STATES DISTRICT COURT
 9 NORTHERN DISTRICT OF CALIFORNIA
 10 SAN JOSE DIVISION

"BY FAX"

CV 10- 4849 JCS

12 CLIP VENTURES LLC, a California
 13 limited liability company,

Plaintiff,

vs.

15 SUNCAST CORPORATION, an Illinois
 16 corporation,

Defendant.

**PLAINTIFF CLIP VENTURES LLC'S
 COMPLAINT FOR FALSE MARKING**

19 Plaintiff Clip Ventures LLC ("Clip Ventures"), by its attorneys, Owens Tarabichi LLP, for
 20 its Complaint in this action alleges:

PARTIES

22 1. Clip Ventures is a California limited liability company having its principal place of
 23 business at 171 Main Street #139, Los Altos, California 94022.

24 2. Suncast Corporation ("Suncast") is an Illinois corporation having its place of
 25 business at 701 N. Kirk Road, Batavia, Illinois 60510.

JURISDICTION AND VENUE

27 3. This Court has subject matter jurisdiction of this action under 28 U.S.C. §§ 1331,
 28 1338(a), as this action involves substantial claims arising under the U.S. Patent Act of 1952, as

1 amended, 35 U.S.C. §§ 1 *et seq.*

2 4. This Court also has subject matter jurisdiction of this action under 28 U.S.C.
3 § 1332 because the amount in controversy exceeds the sum or value of \$75,000, and there is
4 complete diversity of citizenship between the parties.

5 5. Suncast is subject to personal jurisdiction in this district because it conducts
6 regular and systematic business in California, and the causes of action contained herein arise out
7 of, or result from, Suncast's purposeful availment of the privilege of conducting activities with or
8 within the State of California.

9 6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and (c)
10 because Suncast is subject to personal jurisdiction in this district, Suncast resides in this district,
11 and a substantial part of the events or omissions giving rise to the claim(s) occurred in this
12 district.

13 INTRADISTRICT ASSIGNMENT

14 7. Pursuant to N.D. Civil Local Rule 3-2(c), this is an intellectual property action
15 subject to district-wide assignment.

16 FACTS RELEVANT TO ALL CLAIMS

17 8. The Patent Act of 1952 prohibits falsely marking an article with a patent number if
18 that article is unpatented. This includes marking an article with an expired patent even if the
19 article is also marked with unexpired patents. Pursuant to 35 U.S.C. § 292, a person or entity who
20 falsely marks shall be fined up to \$500 on a per article basis.

21 9. The Patent Act also provides a *qui tam* cause of action for false marking. In
22 bringing a *qui tam* cause of action for false marking, the plaintiff pays 50% of the fine to the U.S.
23 Government and is permitted to retain the remaining 50% of the fine.

24 10. Accordingly, as a matter of public policy, the federal government has incentivized
25 the consuming public, competitors, and others to identify falsely marked articles and bring a *qui*
26 *tam* action. This is because falsely marking articles injures the public in several ways, including,
27 but not limited to, (i) deterring innovation and stifling competition in the marketplace; (ii)
28 encouraging unnecessary investment in design around efforts; and (iii) inflating consumer

1 demand for an article that the public believes is unique and without competition.

2 Suncast's False Marking

3 11. Suncast makes and sells a variety of lawn and garden products, including different
4 types of hose reels and wraps to conceal, manage, and organize garden hoses.

5 12. One of the hose reels made and sold by Suncast is the TSA100 Hosehandler. On
6 its packaging for the TSA100 Hosehandler, Suncast states that the TSA100 Hosehandler hose reel
7 is protected by U.S. Patent Nos. 3,657,789; 5,425,391; 5,704,384; and 5,797,424. Of these
8 patents, U.S. Patent No. 3,657,789 is expired.

9 13. Suncast also sells a 225 ft. Hosemobile hose reel cart. On its packaging for the
10 Hosemobile, Suncast states that the Hosemobile hose reel cart is protected by U.S. Patent Nos.
11 4,777,976; 4,913,560; Des. 303,446; Des. 327,637; Des. 363,207; and Des. 376,096. Of these
12 patents, all of them have expired except for Des. 376,096.

13 14. On information and belief, Suncast has also marked one or more of its other hose
14 reels or hose reel carts with expired patent numbers.

15 15. Suncast continues to sell its falsely marked TSA100 Hosehandler hose reel, 225 ft.
16 Hosemobile hose reel cart, and other hose reel products to this day in California and, on
17 information and belief, throughout the United States.

18 Suncast's Intent to Deceive

19 16. On information and belief, Suncast knew that the expired patents listed on its
20 TSA100 Hosehandler hose reel, 225 ft. Hosemobile hose reel cart, and other hose reel products
21 were expired and knowingly falsely marked its hose reel products with an intent to deceive the
22 public and an intent to induce the public to believe that each hose reel product was covered by the
23 expired patents listed on each hose reel product. The bases of Clip Ventures' allegations made in
24 this paragraph on information and belief are set forth in Paragraphs 17-22 below.

25 17. Suncast is a sophisticated company with many decades of experience in applying
26 for and obtaining patents. In this regard, a search of the U.S. Patent and Trademark Office's
27 records for patents listing Suncast Corporation as the assignee returns 279 patents. The earliest of
28 those patents is U.S. Patent No. 4,506,698, which was applied for on July 7, 1983. Since then,

1 Suncast has continually filed hundreds of applications. Furthermore, Suncast has hired and
 2 retained competent attorneys, including specially licensed patent counsel, to assist it with the
 3 prosecution of such patent applications. It is almost certain that Suncast's patent counsel has
 4 advised it on more than one occasion that patents have a finite life and expire.

5 18. In addition, as the assignee for over 200 patents, Suncast has almost certainly paid
 6 maintenance fees for one or more of such patents, which become due at 3.5, 7.5, and 11.5 years
 7 after issuance, to keep a patent enforceable and to avoid its expiration. It is also likely that, over
 8 the last 27 years, Suncast has chosen to allow one or more of its patents to expire by not paying
 9 the maintenance fees. As such, Suncast had actual or constructive awareness that patents expire.

10 19. In addition to its experience in applying for and obtaining patents, Suncast also has
 11 decades of experience in litigating patent cases. Since 1996, Suncast has been party to nine
 12 different patent lawsuits, including at least the following cases: *Suncast v. Handler*, Case No.
 13 1:1996-cv-01643; *Suncast v. Avon Plastics*, Case No. 1:1997-cv-00178; *Bobeczko v. Suncast*,
 14 Case No. 1:1997-cv-00436; *Ames v. Suncast*, Case No. 1:2002-cv-00395; *Suncast v. Ames*, Case
 15 No. 1:2006-cv-02578; *Suncast v. Slide-Lok Modular Storage Systems*, Case No. 1:2006-cv-
 16 05339; *Suncast v. Patrician Products*, Case No. 9:2007-cv-80414; *Suncast v. Starplast*, Case No.
 17 9:2007-cv-81076; and *Suncast v. The Pug Company*, Case No. 1:10-cv-02026. As a seasoned
 18 veteran of patent litigation, Suncast is surely aware that the life of a patent is finite, that expired
 19 patents may not asserted as a basis for infringement, and that it may not falsely claim that a
 20 product is covered by an expired patent by marking such product with the expired patent.

21 20. Furthermore, Suncast clearly understands the value of patents and patent marking.
 22 In *Suncast Corporation v. StarPlast USA, LLC*, Suncast filed a complaint for patent infringement,
 23 and paragraph 16 of the complaint alleged that Suncast had "provided public notice that their
 24 competing products are covered by the '859 patent by properly marking their products, in
 25 accordance with the provisions of 35 U.S.C. § 287." In *Suncast Corporation v. Patrician*
 26 *Products, Inc.*, Suncast filed a complaint for patent infringement, and paragraph 16 of that
 27 complaint contained a similar allegation regarding patent marking. Suncast's allegations in
 28 federal patent litigations regarding patent marking underscore that Suncast is familiar with

1 requirements, benefits, and import of patent marking. By continuing to knowingly mark its
2 products with expired patents, Suncast deceives and deters potential competitors in the hose reel
3 market.

4 21. Suncast's intent to deceive is evidenced by the fact that Suncast has updated its
5 packaging for its hose reel products after the expiration of patents, thereby having an opportunity
6 to remove the marking regarding expired patents. For example, Suncast marks its TSA100
7 Hosehandler hose reel with U.S. Patent No. 3,657,789, which expired on April 25, 1987.
8 However, Suncast also marks its TSA100 Hosehandler with patents that issued after U.S. Patent
9 No. 3,657,789 expired, such as U.S. Patent No. 5,797,424, which issued on January 6, 1998—11
10 years after U.S. Patent No. 3,657,789 expired. Suncast's revised patent marking on its hose reel
11 products after the expiration of patents evidences that Suncast has knowingly continued to mark
12 its products with patents that are expired in order to try to obtain an unfair commercial advantage
13 over its competitors.

14 22. Suncast's intent to deceive is also evidenced by the fact that it continues to mark
15 its products with patents that have expired a very long time ago. In this regard, Suncast marks its
16 products with patents that have expired over 20 years ago (U.S. Patent No. 3,657,789) and over
17 seven years ago (U.S. Patent No. D303,446). A sophisticated company such as Suncast almost
18 certainly periodically reviews its list of patents for its hose reel products and periodically alters
19 the list, such that it would have become aware of the expiration of such patents and their false
20 marking over such a long period of time.

21 **FIRST CLAIM FOR RELIEF**
22 **FALSE MARKING PURSUANT TO 35 U.S.C. § 292**

23 23. Paragraphs 1-22, above, are realleged and incorporated by reference as if set forth
24 in full.

25 24. Suncast makes and sells hose reel products that are falsely marked with expired
26 patent numbers. Suncast makes and sells the TSA100 Hosehandler hose reel. On its packaging
27 for the TSA100 Hosehandler, Suncast states that the TSA100 Hosehandler hose reel is protected
28 by U.S. Patent Nos. 3,657,789; 5,425,391; 5,704,384; and 5,797,424. Of these patents, U.S.

Patent No. 3,657,789 is expired. Suncast also makes and sells a 225 ft. Hosemobile hose reel cart. On its packaging for the Hosemobile, Suncast states that the Hosemobile hose reel cart is protected by U.S. Patent Nos. 4,777,976; 4,913,560; Des. 303,446; Des. 327,637; Des. 363,207; and Des. 376,096. Of these patents, all of them have expired except for Des. 376,096.

25. Suncast sells its falsely marked hose reel products to this day in California and, on information and belief, throughout the United States.

26. On information and belief, Suncast knew that the expired patents listed on its TSA100 Hosehandler hose reel, 225 ft. Hosemobile hose reel cart, and other hose reel products were expired and knowingly falsely marked its hose reel products with an intent to deceive the public and an intent to induce the public to believe that each hose reel product was covered by the expired patents listed on each hose reel product. The bases of Clip Ventures' allegations made in this paragraph on information and belief are set forth in Paragraphs 17-22 above.

27. Pursuant to 35 U.S.C. §292, Suncast should be penalized \$500 per falsely marked article.

PRAYER FOR RELIEF

WHEREFORE, Clip Ventures prays for judgment against Suncast and relief as follows:

- (i) that the Court declare, adjudge, and decree that Suncast violated 35 U.S.C. § 292 by falsely marking its unpatented articles with expired patent numbers;
- (ii) that, pursuant to 35 U.S.C. § 292(b), the Court fine Suncast in the amount of \$500 for each falsely marked article, with half of the fine payable to Clip Ventures and the other half payable to the United States;
- (iii) that, pursuant to 35 U.S.C. § 285, Clip Ventures recover its reasonable attorneys' fees;
- (iv) that Clip Ventures recover the costs of this action, including attorneys' fees and interest; and
- (v) such other and further relief that this Court may deem just and equitable.

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1 Dated: October 26, 2010

Respectfully submitted,

OWENS TARABICHI LLP

4 By



David R. Owens
Bruno W. Tarabichi
Attorneys for Plaintiff
Clip Ventures LLC

RULE 7.1(a) STATEMENT


Pursuant to Federal Rule of Civil Procedure 7.1(a), the undersigned counsel for Clip Ventures LLC hereby states that there is no parent corporation or publicly held corporation owning 10% or more of its stock.

Dated: October 26, 2010

Respectfully submitted,

OWENS TARABICHI LLP

By


David R. Owens
Bruno W. Tarabichi
Attorneys for Plaintiff
Clip Ventures LLC